

## NEW APPLICATION

## BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

In the matter of:

MEROE CAPITAL GROUP LTD. a  
Wyoming corporation, formerly a Nevada  
corporation,

CASTLE INTERNATIONAL, INC., a  
Wyoming corporation,

CASTLE INTERNATIONAL, LLC, an  
Arizona limited liability company,

CASTLE AIR HOLDINGS, LLC, a  
Delaware limited liability company,

DAVID MILLER, an individual,

JAYSON R. PAPA, an individual,

Respondents.

DOCKET NO. S-21123A-20-0290

**NOTICE OF OPPORTUNITY FOR HEARING  
REGARDING PROPOSED ORDER TO CEASE  
AND DESIST, ORDER FOR RESTITUTION,  
ORDER FOR ADMINISTRATIVE  
PENALTIES, AND ORDER FOR OTHER  
AFFIRMATIVE ACTION**

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Meroe Capital Group, Ltd., Castle International, Inc., Castle International, LLC, David Miller and Jayson R. Papa have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division alleges that David Miller is a person controlling Meroe Capital Group within the meaning of A.R.S. § 44-1999(B), and he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Meroe for its violations of the antifraud provisions of the Securities Act.

1 The Division also alleges that Jayson R. Papa is a person controlling Castle International, Inc.,  
2 Capital International, LLC and Castle Air Holdings, LLC within the meaning of A.R.S. § 44-1999(B),  
3 and he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent these entities for their  
4 violations of the antifraud provisions of the Securities Act.

5 **I.**

6 **JURISDICTION**

7 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona  
8 Constitution and the Securities Act.

9 **II.**

10 **RESPONDENTS**

11 2. Meroe Capital Group Ltd. was initially formed in Nevada on August 5, 2009. In its 2015  
12 annual report, Meroe listed David Miller as its President, Secretary, Treasurer and Director; it did not  
13 list any other officers or directors. Meroe was administratively dissolved as a Nevada entity in 2016 after  
14 failing to file its annual report that was due on August 31, 2016.

15 3. Prior to its dissolution in Nevada, on June 9, 2016, Meroe filed articles of continuance  
16 with the Wyoming Secretary of State. These articles list David Miller as Meroe's President, Secretary  
17 and Director.

18 4. David Miller is Meroe's only director and its only officer in every year but 2016, when  
19 he was its principal officer. All of Meroe's actions described in this Notice were taken by Miller acting  
20 on behalf of Meroe.

21 5. Although Meroe purports to be a "Wall Street firm" and puts Wall Street addresses on  
22 materials given to investors, offerees, clients, and business associates, Meroe is located and operates in  
23 and from Phoenix and Scottsdale, Arizona. The Wall Street addresses are virtual offices in which Meroe  
24 has no actual presence.

25 6. David Miller is an individual who resided in Arizona during the period relevant to this  
26 Notice, i.e. 2015 through 2019.

1           7.       Castle International, LLC was formed in Arizona on September 5, 2013. On July 16,  
2       2015, Castle International, LLC amended its articles to make Castle Air Holdings, LLC ("Castle Air")  
3       the only listed member with a 20% or greater interest and lists Papa as the entity's manager. Papa signed  
4       the articles of amendment in his capacity as manager.

5           8.       Castle Air was formed in Delaware on April 6, 2015. Papa is Castle Air's manager.

6           9.       Jayson R. Papa is an individual who resided in Arizona during the times relevant to this  
7       Notice. He has been unmarried since May 2020.

8           10.      On January 10, 2017, Castle International, LLC filed articles of continuation with the  
9       Wyoming Secretary of State. About two weeks later, on January 23, 2017, Castle International filed a  
10      document titled "Conversion – Articles of Incorporation" which converts Castle International to a  
11      Wyoming corporation and changes the "LLC" in its name to "Inc." This document also states that the  
12      board of directors of Castle International, Inc. has one director, Papa. In its 2018 and 2019 annual reports,  
13      Castle International, Inc. lists Papa as its president; no other officers are listed. After moving its  
14      incorporation to Wyoming, Castle International, LLC's registration status in Arizona remained active  
15      until June 17, 2020, when it was administratively dissolved. Both the LLC and the corporation will be  
16      referred to as "Castle International" in this Notice.

17          11.      During its entire existence, Castle International's principal location was in Scottsdale,  
18      Arizona.

19          12.      Papa and Castle International formally retained Meroe/Miller to raise capital for Castle  
20      International in early 2016. By early 2018, Miller had acquired enough of a position at the company that  
21      Miller/Meroe sent letters to potential hires, spoke on behalf of the board of directors, and had installed  
22      Miller's business associate and romantic partner, Ms. Christina Liseree "Ree" Fields, as Castle  
23      International's CFO. Ms. Fields signed many of the notes described below, signed checks on behalf of  
24      the company, and frequently was CC'd and participated in correspondence between investors, Castle  
25      International and Miller.

13. Meroe, Miller, Castle International, Castle Air, and Papa may be referred to collectively as "Respondents."

### III.

#### FACTS

14. From April 2016 through April 2019, Respondents offered and sold securities in the form of at least 22 notes to at least 11 investors, for a total of at least \$1,119,425.

15. Meroe offered and sold all 22 of the notes to all 11 investors.

16. Castle Air issued two of the notes, Papa issued one, and Castle International issued the remaining 19. Papa signed at least nine of the notes.

17. At least five of the investors resided in Arizona at the time of the offer and sale. The other investors were located in different states including Maryland, Florida and Georgia.

18. Investors paid for their notes by check or wire. Although Castle International and Castle Air issued the notes, several investors sent their money to Meroe.

19. Investors have received returns totaling only \$259,445.

20. Meroe found the investors primarily by Miller striking up conversations with strangers in public places, such as gyms and restaurants, and through referrals from investors.

21. When Miller met potential offerees, investors and clients, Miller would frequently describe himself as a financial planner, investment banker, owner of an investment firm, or working at a Wall Street firm. He would occasionally offer financial- and tax-planning services.

22. Miller/Meroe would also offer investment opportunities to persons Miller met, including investment opportunities besides Castle International. These other investment opportunities included offering an investment in a company that was developing a podcast-related app, a company developing a bio-degradable substance that had many purported uses, and a real estate development company. Meroe offered these other investments to at least four Castle International investors. Meroe provided a description of at least two of the investments with a cover page showing a picture of a statue on Wall Street and with a Wall Street address for Meroe. One

1 offeree later invested in two of these companies after Miller/Meroe introduced him to them. The  
2 other offerees declined Meroe's offers for these investments.

3 23. From 2016 – 2019, Miller/Meroe offered and sold investments in Castle International.  
4 Miller told offerees and investors that Castle International was an exciting company that conducted  
5 medical transports domestically and did rescue missions outside the U.S. Miller told one investor that  
6 the company did flights overseas that were “top secret government stuff” and he could not really say  
7 more. Miller told another investor that the company handled high-level government contracts. At  
8 least one investor was told that Papa had served in the military and several investors received  
9 brochures about Castle International showing persons dressed in combat gear, holding guns.

10 24. Miller told one investor prior to investing that there was no way he would lose his  
11 money since the note was due in 90 days and Meroe would guarantee payment. He told another  
12 investor something similar, that since the investment was so short term, 90 days, there would be a  
13 quick turn-around: Castle International would simply complete the flight, collect from the insurance,  
14 and pay back the investor. Miller told one investor that Castle International was such a great company  
15 that Miller had invested \$200,000; in another conversation with this same investor, Miller said he  
16 had invested \$400,000.

17 25. Investors understood that their investments would go towards Castle International's  
18 operating costs, either general operating costs or, in some instances, to fund specific medical flights.

19 26. Nearly every offer and sale of the investments described above—including some of  
20 the offers for the real estate and app development companies—included a cover page or a “placement  
21 summary” from Meroe showing a picture of a statue on Wall Street, listing Meroe's supposed Wall  
22 Street address, and describing Meroe as an “investment banker.” In fact, Meroe did not have any  
23 physical presence on Wall Street: both Wall Street addresses listed on Meroe's documents were  
24 virtual offices. Meroe operated out of Phoenix and Scottsdale, Arizona. Meroe also did not have  
25 multiple employees, as it implied by calling itself a “firm.” Instead, Meroe was essentially a one-man  
26 operation—Miller being the sole employee for all or most of the entity's existence.



1       27.     At least half of the notes included a guarantee from Meroe that Meroe would perform  
2 all the borrower's obligations. Meroe induced offerees and investors to purchase notes based on this  
3 guaranty and its description of itself as a Wall Street firm. Meroe failed to disclose that it was  
4 essentially a one-man operation located in Arizona. Meroe also failed to provide any financial or  
5 background information that a reasonable investor would need to assess the worth of Meroe's  
6 guaranty.

7       28.     Respondents also gave the impression that investing in Castle International was very  
8 low risk, a very exciting company run by an executive (Papa) who had served in the military. Miller  
9 even told one investor that Miller was so excited about the company that he had invested over  
10 \$200,000 of his own money. However, upon information and belief, Papa has not served in the  
11 military and Miller did not invest any of his own money in Castle International.

12       29.     Meroe guaranteed notes as early as 2016. Only a few months later as notes became  
13 due, investors failed to get paid. Meroe, however, failed to perform any of the duties of the note  
14 borrowers, including the most important duty: paying the investors. Meroe did not disclose its and  
15 Castle International's and Castle Air's history of not paying investors when Meroe offered and sold  
16 notes to subsequent investors.

17       30.     Meroe represented to investors and offerees that their investment funds would go  
18 towards funding Castle International's operations. In some instances, Meroe told investors their funds  
19 would go towards "keeping planes in the air" and "making payroll." At other times, the  
20 representations were much more specific, with Meroe telling one investor that his funds would go to  
21 funding a mission from Amman, Jordan to North Carolina; another that his money would fund a  
22 flight to Syria; and another that his funds would fund a flight for a high-ranking government official.

23       31.     Despite these representations, on at least two occasions, investors paid for their  
24 investment by transferring funds totaling \$40,000 to Meroe. These investors expected Meroe to  
25 transfer the funds to Castle International for its operations. Instead, Meroe transferred over \$13,050  
26 to non-Castle International accounts, \$12,000 to a family trust not related to Castle International,

1 withdrew \$6,100 of cash, transferred \$1,581 to Miller, and spent over \$1,500 on restaurants, retail,  
2 car rentals, and dry-cleaning.

3 **IV.**

4 **VIOLATION OF A.R.S. § 44-1841**

5 **(Offer or Sale of Unregistered Securities)**

6 32. From on or about April 2016 through April 2019, Respondents offered or sold securities  
7 in the form of notes, within or from Arizona.

8 33. The securities referred to above were not registered pursuant to Articles 6 or 7 of the  
9 Securities Act.

10 34. This conduct violates A.R.S. § 44-1841.

11 **V.**

12 **VIOLATION OF A.R.S. § 44-1842**

13 **(Transactions by Unregistered Dealers or Salesmen)**

14 35. Respondents offered or sold securities within or from Arizona while not registered as  
15 dealers or salesmen pursuant to Article 9 of the Securities Act.

16 36. This conduct violates A.R.S. § 44-1842.

17 **VI.**

18 **VIOLATION OF A.R.S. § 44-1991**

19 **(Fraud in Connection with the Offer or Sale of Securities)**

20 37. In connection with the offer or sale of securities within or from Arizona, Respondents  
21 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements  
22 of material fact or omitted to state material facts that were necessary in order to make the statements  
23 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
24 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
25 offerees and investors. Respondents' conduct includes, but is not limited to, the following:  
26

1 a) Representing to investors and offerees that Meroe is a Wall Street firm when in  
2 fact it is essentially a one-man operation located in Arizona.

3 b) Representing to investors that Papa served in the military when, in fact, upon  
4 information and belief, Papa did not serve in the military.

5 c) Representing to investors that Miller invested at least \$200,000 in Castle  
6 International when, in fact, upon information and belief, Miller did not invest any cash in Castle  
7 International.

8 d) Inducing investors to purchase notes that Meroe guarantees without disclosing  
9 that Meroe is essentially a one-man operation located in Arizona and without providing any financial or  
10 background information about Meroe or Miller that would be necessary to assess the worth of Meroe's  
11 guaranty.

12 e) Inducing investors to purchase notes guaranteed by Meroe without disclosing  
13 that Meroe, Castle International and Castle Air had failed to pay previous note investors.

14 f) Representing to investors that their funds would be used for Castle  
15 International's operations, then using funds for expenses not related to Castle International.

16 38. This conduct violates A.R.S. § 44-1991.

17 **VII.**

18 **CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

19 39. From at least January 2015 through the present, Miller directly or indirectly controlled  
20 Meroe within the meaning of A.R.S. § 44-1999. Therefore, Miller is jointly and severally liable to  
21 the same extent as Meroe for its violations of A.R.S. § 44-1991.

22 40. From at least July 2015 through the present, Papa directly or indirectly controlled  
23 Castle International within the meaning of A.R.S. § 44-1999. Therefore, Papa is jointly and severally  
24 liable to the same extent as Castle International for its violations of A.R.S. § 44-1991.



**VIII.****REQUESTED RELIEF**

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order any other relief that the Commission deems appropriate.

**IX.****HEARING OPPORTUNITY**

Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a respondent requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or at <http://www.azcc.gov/hearing> (see "Helpful Links" section on lower half of page) and <https://edocket.azcc.gov/>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail [cdbuck@azcc.gov](mailto:cdbuck@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodation. Additional information about the administrative action procedure may be found at [www.azcc.gov/securities/enforcement/procedure](http://www.azcc.gov/securities/enforcement/procedure).

**X.**

**ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a respondent requests a hearing, the requesting respondent must deliver or mail an answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or at <http://www.azcc.gov/hearing> (see "Helpful Links" section on lower half of page) and <https://edocket.azcc.gov/>.

Additionally, the answering respondent must serve the answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Ryan Millecam.

The answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 28<sup>th</sup> day of September, 2020.

/s/ Mark Dinell  
Mark Dinell  
Director of Securities